

## Message Text

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9613

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E.O. 11652: N/A

TAGS: BEXP, VE

SUBJ: CCP: FY 1975 END-OF-YEAR REVIEW

REF: STATE 169114

1. CAMPAIGN#1- AGRICULTURAL MACHINERY AND EQUIPMENT.

A. ALL FY75 TARGETS MET, EXCEPT 2.7, REPRESENTATIONAL EVENT, PLANNED DURING VISIT OF IOGA MISSION AND CANCELLED WITH CONCURRENCE OF MISSION MEMBERS. IOGA HIGHLY SUCCESSFUL. PREPARATIONS ALREADY BEGINNING FOR AGRICULTURAL TRADE MISSION DUE CARACAS EARLY OCTOBER.

B. FOCUS OF FY75 PROGRAM HAS BEEN ON BACKGROUND PREPARATION FOR FUTURE AGRO-BUSINESS SOLO EXHIBITION, NOW SCHEDULED FOR MAY 1976.

C. WHILE LIVESTOCK SUBJ-SECTOR HAS TAKEN ADVANTAGE OF CONCESSIONARY AGRICULTURAL CREDIT FUND LOANS, CROP SUB-SECTOR EXPANSION HAS YET TO DEVELOP MOMENTUM NECESSARY TO ATTAIN GOV TARGETS.

D. IT HAS BEEN RUMORED THAT THE BS. 2 BILLION AGRICULTURAL CREDIT FUND MAY BE SUPPLEMENTED BY AN ADDITIONAL BS. 4 BILLION. IF THIS OCCURS, AND PERHAPS MORE IMPORTANTLY, IF THE GOVERNMENT'S COMMODITY PRICE GUARANTEE LEVELS INSPIRE GRATER GROWER CONFIDENCE IN THE ECONOMIC FEASIBILITY OF INCREASED AGRICULTURAL PRODUCTION, VENEZUELAN AGRICULTURAL EQUIPMENT AND MACHINERY IMPORTS SHOULD REACH UNPRECEDENTED LEVELS,  
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WITH THE U.S. MAINTAINING OR IMPROVING ITS DOMINANT MARKET

POSITION.

2. CAMPAIGN#2-METALWORKING AND INSTRUMENTATION EQUIPMENT.

A. ALL FY75 TARGETS MET EXCEPT AS FOLLOWS: 1.3, NOW BEING COMPLETED IN CONJUNCTION WITH COMMERCE-SPONSORED MARKET SURVEY. 2.1, POSTPONED TO FY76. 2.4, SUPERSEDED BY NEW MARKET SURVEY.

B. GOV EMPHASIS DURING FY75 HAS BEEN ON LONGTERM EXPANSION OF STEEL PRODUCTION FACILITIES. HOWEVER, RECENT GOV EDICTS, REQUIRING RAPID REDUCTION OF FOREIGN-PART COMPONENT IN LOCALLY ASSEMBLED AUTOS, UNDERLINE GOV INTENTION TO EXPAND OUTPUT OF FINISHED METAL PRODUCTS AS PART OF OVERALL DIVERSIFICATION PROGRAM. METAL AND PLASTIC WORKING EQUIPMENT SOLO EXHIBITION FOR FY76 APPEARS TO BE WELL-TIMED TO TAKE ADVANTAGE OF EXPECTED EXPANSION IN SECONDARY PRODUCTION.

3. CAMPAIGN#3-MATERIALS HANDLING EQUIPMENT.

A. ALL FY75 TARGETS MET EXCEPT AS FOLLOWS: 2.2., GROUP VISIT REPLACED BY TOUR OF SIX PORT-CITIES BY ING. FRANCISCO VIDAL OF MINISTERIO DE OBRAS PUBLICAS, MAY 1975. 2.4, EMBASSY WILL USE REPORT BY ING. FRANCISCO VIDAL OF MOP TO DEVELOP ARTICLE. 4.1 AND 4.5, SUSPENDED, SEE SUMMARY.

B. ACTIVITIES IN THIS CAMPAIGN, EXCEPTING ASSISTANCE TO ING. VIDAL, WERE UNSUCCESSFUL, MAINLY DUE TO THE LACK OF DECISION OF THE VENEZUELAN GOVERNMENT FOR THIS SECTOR. STRONG ACTIVITY WAS EXPECTED TO SOLVE SERIOUS CRISIS AT VENEZUELAN PORTS, BUT NO EFFECTIVE ACTION WAS TAKEN DURING THE YEAR. DIRECT GOVERNMENT IMPORTS, ONCE INITIATED, WOULD NOT HAVE FACED ANY SIGNIFICANT BARRIERS.

C. POTENTIAL ACTIVITIES IN FOURTH QUARTER WERE ALSO AFFECTED BY ASSIGNMENT OF CAMPAIGN MANAGER TO PARTICIPATE IN COMPREHENSIVE MARKET SURVEY WHICH REQUIRED THAT HE MAKE ADVANCE PREPARATIONS.

4. CAMPAIGN#4-PETROCHEMICAL INDUSTRY.

A. ALL FY75 TARGETS MET.  
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B. THE PETROCHEMICAL INDUSTRY CONTINUED TO BE PLAGUED IN FY75 BY DELAYS IN PLANT CONSTRUCTION AND FAILURE TO REACH EXPECTED LEVELS OF OUTPUT. ACCORDING TO GOV OFFICIALS, GROWTH OF THE INDUSTRY HAS BEEN HANDICAPPED BY TRAINED PERSONNEL DEFICIENCIES AND LACK OF COORDINATED CENTRAL POLICIES. THE GOV'S PLANS REMAIN AMBITIOUS.

5. CAMPAIGN#5-AVIATION AND AIRPORT EQUIPMENT, AVIONICS.

A. ALL FY75 TARGETS MET.

B. DELAYS IN GOV PLANNING FOR THE COUNTRY-WIDE AIRSPACE CONTROL PROJECT AND THE UPGRADING OF NAVIGATIONAL AIDS PREVENTED REACHING TANGIBLE SUCCESS IN THIS FIELD. HOWEVER, PLANNING OFFICES HAVE INFORMED EMBASSY THAT THEY WILL LOOK PRIMARILY TO THE US. FOR THE PURCHASE OF EQUIPMENT. THE CONTINUING ASSISTANCE GRANTED BY POST TO THESE OFFICES AND THE PRESENCE OF AN FAA ADVISOR HAVE PLAYED A MAJOR ROLE IN ARRIVING AT THIS DECISION. THE GOVERNMENT-OWNED AIRLINE, LAV, HAS ANNOUNCED THAT IS INTENDS TO SELL ALL OF ITS BRITISH-MADE EQUIPMENT AND CONVERT THE AIRLINE TO AN ALL-MCDONNELL DOUGLAS AIRLINE. THE AIRLINE INTENDS TO BUY SEVERAL USED DC-9-10,-20 AIRCRAFT AND ONE OR TWO DC-9-50 AIRCRAFT.

VIASA, THE INTERNATIONAL CARRIER, HAS DEFINITELY DECIDED TO BUY ANOTHER DC-10-30 AIRCRAFT INSTEAD OF THE EUROPEAN A-300B. BOTH AIRLINES HAVE STATED THAT THE ADVISE AND ASSISTANCE GIVEN TO THEM BY POST WAS A CONTRIBUTING FACTOR. POST HAS SUPPORTED DEMONSTRATIONS OF VARIOUS US. MODELS OF HELICOPTERS AND AIRCRAFT, ONE OF WHICH RESULTED IN SEVERAL SALES.

6. CAMPAIGN#6- HEALTHCARE INDUSTRIES.

A. ALL FY75 TARGETS MET.

B. POST'S EFFORTS WERE CONCENTRATED MAINLY IN SUPPORTING MEDEQUIPOS '75 WHICH HAD EXCELLENT RESULTS. CONTINUING TALKS WITH GOV HEALTH ORGAINZATIONS AND WITH PRIVATE SECTOR HAVE HELPED IN CREATING GREATER AWARENESS OF SOPHISTICATED US.-MADE EQUIPMENT. ACTUAL RESULTS IN DOLLAR VALUE ARE HARD TO COME UNCLASSIFIED

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BY, MAINLY BECAUSE THE GOVERNMENT HAS ONLY JUST COMMENCED MAJOR PURCHASES.

7. CAMPAIGN#7-TELECOMMUNICATIONS.

A. ALL FY75 TARGETS MET.

B. CONSTANT CONTACT WITH THE NATIONAL TELECOMMUNICATIONS COUNCIL, THE PLANNING OFFICE OF THE NATIONAL TLEPHONE COMPANY, AND THE MINISTRY OF COMMUNICATIONS, HOPEFULLY WILL LAY THE BASIS FOR FUTURE PREFERENCE FOR US. PRODUCTS. THE RECENT GRANTING OF A LARGE BID FOR A MICROWAVE NETWORK TO G.T.&E., THE PURCHASE OF TELETYPE MULTIPLEXING EQUIPMENT FROM A US. MANUFACTURER NEW TO THE MARKET AND INTRODUCED TO THE TELEPHONE COMPANY BY POST, MIGHT BE THE BEGINNING OF A SERIES OF PUR-

CHASES FROM THE US. THE IMPORT MARKET FOR TELEPHONE EQUIPMENT  
WILL PROBABLY DECREASE IN THE FUTURE AS THE GOVERNMENT  
IS PLANNING TO PROMOTE DOMESTIC MANUFACTURE OF EXCHANGES  
AND DESK SETS.  
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